

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**ENERGY DIVISION**

**AGENDA ID 14857  
RESOLUTION G-3516  
JUNE 9, 2016**

**R E S O L U T I O N**

Resolution G-3516. Southern California Gas Company July 1, 2015  
Notice of Emergency Localized Curtailment

**PROPOSED OUTCOME:**

- This Resolution approves, with modification, Advice Letter 4831 and finds that the curtailment was consistent with the procedures as defined in SoCalGas' rules.

**SAFETY CONSIDERATIONS:**

- Curtailments impact service to customers some of whom may provide critical services. An orderly curtailment process understood by all customers is important to maintaining safety.
- Curtailments may be necessary to ensure the safe operation of a utility's pipeline system.
- It is the utility's responsibility to adhere to all Commission rules, decisions, General Orders, and statutes including Public Utility Code Section 451 which requires the utility to take actions that are "... necessary to promote the safety, health, comfort, and convenience of its patrons, employees and the public."

**ESTIMATED COST:**

- There is no cost impact.

By Advice Letter 4831 filed on July 1, 2015.

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**SUMMARY**

**This resolution approves, with modification, SoCalGas Advice Letter (AL) 4831 and affirms that the Emergency Localized Curtailment implemented on**

**July 1, 2015 was necessary and consistent with the procedures defined in the SoCalGas tariff rules. This resolution requires SoCalGas to provide additional information in a supplemental AL filing in order to comply with the requirements of Decision (D.) 91-09-026.**

## **BACKGROUND**

**In compliance with D.91-09-026 and SoCalGas Rule 23, SoCalGas filed Advice Letter (AL) 4831 on July 1, 2015 notifying the Commission and affected parties of an emergency localized curtailment event in its service territory beginning at 3:00 PM on July 1, 2015. SoCalGas stated that the curtailment applied to certain electric generation customers. SoCalGas stated that the curtailment was due to high demand created from hot weather conditions. SoCalGas also noted that required compliance testing and replacement on one of its natural gas pipelines contributed to reduced pipeline capacity to meet increased demand. The combination of these factors led to the need to call the curtailment.**

The emergency localized curtailment was in place until 8:00 PM. The curtailment was in a specific area on the SoCalGas system. For the five hours of the curtailment period, SoCalGas curtailed certain Electric Generation customers in the North and South Los Angeles (LA) Basin Local Service Zones.

D. 91-09-026 requires SoCalGas to submit an Advice Letter simultaneously with the announcement of curtailment. The Decision requires that “the filing shall state the facts underlying and the reasons for a curtailment, shall demonstrate that the type of curtailment being declared complies with SoCalGas's tariffs, and shall set forth the efforts SoCalGas has taken to minimize or alleviate the curtailment.”<sup>1</sup>

**SoCalGas Rule No. 23, Continuity of Service and Interruption of Delivery, governs the conduct of curtailments. Rule 23 allows SoCalGas to call for localized curtailment.**

Rule 23 establishes SoCalGas’ curtailment procedures and the order in which customers can be curtailed, however Rule 23 allows for two substantial deviations from the established curtailment order, in the case of localized and/or

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<sup>1</sup> D. 91-09-026, OP #1.

emergency curtailments. Rule No. 23 states that “Curtailments may be effected in certain localized areas due to intrastate system capacity restrictions or emergencies. In such cases, curtailments will generally be made based on the order established herein to the extent it is operationally feasible to do so. In the event of a localized curtailment, customers in unconstrained areas may receive service while other customers of equal or higher priority are curtailed.”<sup>2</sup>

**Rule 23 gives SoCalGas broad latitude to curtail customers for a short duration in an emergency stemming from a threatened or actual supply shortfall.**

In the event of an emergency curtailment, Rule 23 allows SoCalGas to curtail customers in “the most reasonable and practicable manner possible,” and allows SoCalGas to deviate from the curtailment order established in Rule 23. Tariff Rule No. 23 states that: “At a time when there is a threatened or actual shortage creating an emergency condition for a short duration in the Utility's ability to meet the demands of Priority 1 and 2A customers, the Utility may, during such emergency period, curtail and/or divert service of all customers, or a portion of such customers, in the most reasonable and practicable manner possible. Further, in such event, the Utility shall have the right to shut off, discontinue, re-establish, or continue service for all customers or a portion of such customers, irrespective of the priority or preference provisions set forth herein or in the tariff schedules, contracts, or rules and regulations applicable to such service.”<sup>3</sup>

**NOTICE**

Notice of AL 4831 was made by publication in the Commission’s Daily Calendar. SoCalGas states that a copy of the Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

**PROTESTS**

**SoCalGas’ Advice Letter AL 4831 was timely protested by the Southern California Generating Coalition (SCGC) on July 21, 2015.**

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<sup>2</sup> SoCalGas Rule No. 23, F.

<sup>3</sup> SoCalGas Rule No. 23, E.

SCGC asserts that SoCalGas did not provide an adequate explanation as to why it could not continue to provide natural gas transportation service to the affected electric generation customers in the Los Angeles basin. SCGC further stated that it was unclear from the Advice Letter filing how capacity reductions on SoCalGas' system had contributed to the supply shortfall which led to the curtailment.

SCGC also asserts that SoCalGas should have been able to avoid the curtailment using storage withdrawals.

SCGC "seeks an inquiry into the July 1, 2015 curtailment."

Attached to SCGC's protest are SoCalGas's responses to extensive SCGC data requests, submitted in Application 13-12-013, concerning the curtailment. These responses provide further information about the causes and need for the curtailment.

**On July 28, 2015, SoCalGas responded to the protest of SCGC.**

In response to SCGC's protest, SoCalGas provided additional information as to the cause of the July 1 2015 curtailment.

SoCalGas asserts that it did provide a reason for the curtailment, and notes that SCGC even cited the cause, i.e. extreme hot weather along with decreased sources of electricity from hydroelectric generating plants. SoCalGas again states that one of its natural gas pipelines was undergoing testing and replacement, reducing pipeline capacity to meet the increased demand.

SoCalGas stated that "What AL 4831 did not address is the fact that... other sources of renewable power, such as wind and solar power, were also decreased in addition to the hydroelectric sources as discussed in AL 4831. Essentially, on July 1, 2015, the Southern California grid was dependent upon local gas-fired generation to meet electric needs there."<sup>4</sup>

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<sup>4</sup> SoCalGas reply to SCGC Protest, at pg. 2.

SoCalGas provided additional detail as to the capacity reductions in place on July 1, 2015 relating to compliance work. SoCalGas stated that the capacity reductions were posted on envoy, and that the reductions amounted to 890 MMcfd of lost receipt capacity in the Northern Zone, or approximately 56% of SoCalGas' 1590 MMcfd of firm receipt capacity. SoCalGas further states that there was a 200 MMcfd loss of receipt capacity at Blyth due to lower operating pressure on Line 2000, but that receipt capacity losses at Needles had resulted in an increase to receipt capacity at Kramer Junction. SoCalGas states that the total loss of receipt capacity in the Northern Zone at the time amounted to 37%.

SoCalGas went on to explain that, given the geography of the LA Basin and the location of SoCalGas' storage fields, storage withdrawals could not have been made in sufficient quantity to avoid the curtailment. SoCalGas explained that changes to intraday demand need to be met first with local linepack, and then replenished afterwards with storage or intrastate pipeline supplies.

## **DISCUSSION**

**This Resolution affirms the necessity of the SoCalGas July 1, 2015 emergency localized curtailment.**

Extreme hot weather conditions, as well as a reduction to pipeline receipt capacity on the SoCalGas system, caused SoCalGas to call for an emergency localized curtailment on July 1, 2015. The curtailment lasted for 5 hours, from 3:00 PM to 8:00 PM. The extreme heat coupled with a reduction in available renewable energy caused an increase in demand for natural gas fired generation. At the time SoCalGas receipt capacity was substantially diminished due to safety compliance work on Line 4000 as well as due to lower operating pressure on Line 2000.

**The initial AL 4831 filing presented inadequate information as to the underlying reason for the curtailment, and provided no information concerning efforts to minimize or alleviate the curtailment in compliance with the requirements of D.91-09-026.**

Ordering Paragraph 1 of D.91-09-026 requires that the AL notifying the Commission of a curtailment "shall state the facts underlying and the reasons for a curtailment, shall demonstrate that the type of curtailment being declared

complies with SoCalGas' tariffs, and shall set forth the efforts SoCalGas has taken to minimize or alleviate the curtailment."<sup>5</sup>

As a reason for the curtailment, the AL stated: "Extreme hot weather in the western regions of the U.S., along with decreased sources of hydro-powered electric generation plants, created a significant demand for natural gas to fuel electric power plants. In addition, required compliance testing and replacement on one of SoCalGas' natural gas pipelines has also contributed to reduced natural gas capacity to meet increased demand."<sup>6</sup>

In SoCalGas' reply to SCGC's protest, the utility provided additional information which adequately substantiated the need for the July 1, 2015 emergency localized curtailment. SoCalGas also provided additional information substantiating the need for the curtailment in response to data requests from SCGC. As is explained in detail above, the additional information provided by SoCalGas in response to SCGC made clear the facts underlying the curtailment and adequately substantiated the need for the curtailment.

However, the initial AL filing presented inadequate information as to the underlying reason for the curtailment, and provided no information concerning efforts to minimize or alleviate the curtailment. While the curtailment may have been appropriate given the circumstances, this does not relieve the utility of its obligation under D.91-09-026. SoCalGas should file a supplemental to AL 4831 incorporating the items required by D.91-09-026, albeit in a summary form abbreviated from the documents provided in response to SCGC's protest and data requests.

## **COMMENTS**

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

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<sup>5</sup> D.91-09-026, OP #1.

<sup>6</sup> SoCalGas AL 4831, at pg. 1.

The 30-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

## **FINDINGS**

1. On July 1, 2015, Southern California Gas Company (SoCalGas), as required by Decision (D.) 91-09-026, filed Advice Letter (AL) 4831 notifying the Commission of an emergency localized curtailment of select electric generation customers in the LA basin beginning at 3:00 PM July 1, 2015. The curtailment was the result of extreme hot weather which increased electric generation demand. In addition, compliance work caused a decrease in overall receipt point capacity serving the affected area.
2. Rule 23 allows broad latitude in curtailing customers in an emergency situation on a temporary basis as needed to ensure system stability.
3. Rule 23 allows for localized curtailment, in which customers within a localized curtailment zone may be curtailed despite similar customers outside of the curtailment zone continuing to receive gas supplies.
4. AL 4831 was protested by the Southern California Generation Coalition (SCGC). SCGC claimed that SoCalGas did not provide adequate explanation as to the reasons for the curtailment as called for in D. 91-09-026.
5. SoCalGas responded to SCGC's protest by proving adequate substantiation of the need for the July 1, 2015 emergency localized curtailment.
6. SoCalGas acted reasonably in calling an emergency localized curtailment.

## **THEREFORE IT IS ORDERED THAT:**

1. Southern California Gas Company Advice Letter 4831 is approved subject to the filing of a supplemental Advice Letter.
2. Southern California Gas Company shall file within 15 days of the effective date of this resolution, a supplemental Advice Letter 4831-A incorporating, as required by Decision 91-09-026, Ordering Paragraph 1, the facts underlying and the reasons for the July 1, 2015 curtailment, demonstrating that the type of curtailment being declared complies with SoCalGas' tariffs, and setting forth the efforts SoCalGas took to minimize or alleviate the curtailment.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on June 9, 2016; the following Commissioners voting favorably thereon:

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TIMOTHY J. SULLIVAN  
Executive Director